



**DEFENSE LOGISTICS AGENCY**  
THE DEFENSE CONTRACT MANAGEMENT COMMAND  
6725 JOHN J. KINGMAN ROAD, SUITE 2533  
FT. BELVOIR, VIRGINIA 22060.6221

FEB 18 1999

REPLY  
REFER TO

DCMC-0

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION AND  
TECHNOLOGY)  
PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE  
(ACQUISITION AND TECHNOLOGY)  
DIRECTOR, DEFENSE PROCUREMENT  
DEPUTY UNDER SECRETARY OF DEFENSE  
(ACQUISITION REFORM)  
DEPUTY UNDER SECRETARY OF DEFENSE (LOGISTICS)  
ASSISTANT SECRETARY OF THE ARMY (RESEARCH,  
DEVELOPMENT AND ACQUISITION)  
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,  
DEVELOPMENT AND ACQUISITION)  
ASSISTANT SECRETARY OF THE AIR FORCE  
(ACQUISITION)  
DIRECTOR, BALLISTIC MISSILE DEFENSE  
ORGANIZATION  
THROUGH: DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Single Process Initiative (SPI) Monthly Activity Report

Forwarded for your review is the SPI monthly report for the period ending January 31, 1999. This report features Management Councils, the 1999 SPI Workshop, Boeing's Parts Management Initiatives, AIAA's recent Acquisition Reform Conference, SPI Cost Savings and Avoidance, Boeing Joint Leadership Council (JLC) Meeting, and SPI activity statistics. Additional data is available for viewing on our home page (<http://www.dcmc.hq.dla.mil>).

Should you have any questions or concerns regarding information contained in the attached report, please contact Mr. Gordon Elley, SPI/Block Change Management Team Leader at (703) 767-2471.

TIMOTHY P. MALISHENKO  
Major General, USAF  
Commander

Attachment

cc:

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***Single Process Initiative (SPI)***  
***Monthly Report***  
***January 31, 1999***

***Management Councils – High Performance Teams***

- Management Councils provide forum for communicating ideas and facilitating improvements
  - Bringing together stakeholders adds value
  - Whole variety of acquisition issues can be addressed
- Corporate Councils extend the benefits even further....to the entire corporation
- Raytheon Systems Company (RSC) implementing three SPIs that apply to the entire corporation
  - Quality Management System (QMS) SPIs
    - Implements single quality management system
    - Standardizes by eliminating slight differences in approved SPIs of original companies or facilities
    - Helps fulfill one of RSC's basic requirements to "design anywhere and build anywhere" within corporation
  - Soldering SPI
    - Replaces Government and Company specifications with latest revision of RSC's Soldering program
    - Common process is ANSI/J-STD-001B, "Requirements for Soldered Electrical and Electronic Components"
  - Electrostatic Sensitive Discharge (ESD) Program SPI
    - Establishes and implements single common electrostatic sensitive discharge (ESD) program for RSC
    - Replaces previously submitted or approved SPIs with new company standard, MIL-STD-1686 Revision C

***SPI 1999 Workshop -- In The Works!***

- Workshop scheduled for early Summer
- Focus on Streamlining/Improving the Mechanics of the SPI Process
- Target audience includes Component Team Leaders, Program Managers, Contracting Officers, and DCMC SPI Coordinators
- Industry Representatives will be invited to share insight and perspectives
- Block Change Management Team canvassing the workforce for new ideas and best practices
- Goal is development of useful products/guidelines for services/DCMC/industry
- More information expected in late February

### ***Boeing St. Louis Parts Management Initiatives***

- Boeing St. Louis focuses on MIL-STD-965, “Parts Management” streamlines complex process, and expected to result in greatly reduced cycles times and cost
- Four SPIs form new Boeing Parts Management Plan
- Electronic Stress Screening SPI reduces amount of testing required by suppliers
- Parts Management SPI promotes use of readily available known-quality components that meet end item performance requirements in cost-effective way
- Plastic Encapsulated Modules promotes switch to plastic encapsulated microchips in electronics delivered to Boeing, anticipates over 50% savings or \$30,000 per unit
- Alternates Document reduces amount of review of part selection and configuration management, anticipated savings could range from \$2-10M

### ***Acquisition Reform: Accelerating the Journey Conference***

- Held January 28-29, 1999, Washington, DC, sponsored by American Institute of Aeronautics and Astronautics (AIAA)
- Keynote address by the Honorable Jacques S. Gansler, Under Secretary of Defense for Acquisition and Technology
- Provided forum for government and industry to address most important issues of acquisition reform, panel discussion topics include: Acquisition Reform Challenges, Price-Based Acquisition, and OMB Circular A-76: Reform Needed

### ***SPI Cost Savings and Avoidance***

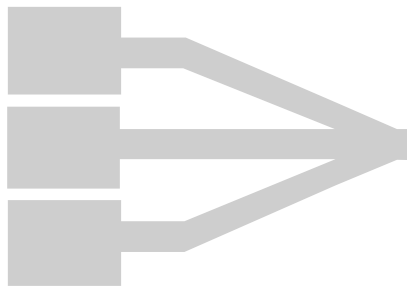
- As of January 31, 1999, negotiated cost savings from SPI totals \$30,450,156 and cost avoidance to future contracts totals \$445,763,042. At that time, SPI had 307 participating contractors and 1078 block change modifications
  - Negotiated savings received from 25 contractor facilities (8% of total)
  - Negotiated savings resulted from 56 block change modifications (5% of total)
  - Cost avoidance provided by 81 contractor facilities (26% of total)
  - Cost avoidance resulted from 296 modifications (27% of total)
  - Largest SPI in terms of total savings and avoidance: Boeing, Mesa, AZ, Hardware Variability Control SPI resulted in \$18M savings and \$40M cost avoidance Note: A shared savings clause is in the contract
  - Next largest high-payoff SPIs offer savings in the range of \$1.5M and cost avoidance in the range of \$25M
- SPI also provides intangible benefits, most significantly in serving as a facilitator for civil military integration

### ***Boeing Joint Leadership Council (JLC) Meeting***

- Boeing JLC meeting held in Seal Beach, CA on February 3, 1999. Commander, DCMC attended the meeting. Topics presented/discussed were:
  - Strategic Assessment and Plan for 1999
  - Process Councils and continuing role of providing leadership
  - Aircraft & Missile Systems discussed importance of savings and utilizing SPI as tool
  - Space & Communications advised Process Council actions producing \$7.5M savings/avoidance annually
  - Update of planning for C-17 Civil Military Integration pilot
  - NASA strategic approach to own cross-cutting processes
  - DoD Price Based Acquisition Study Group
    - Chartered October 1998, final report expected April 1999
    - There will still be cost based contracts based upon level of competition, level of risk, and expectation of reaching a fair and reasonable price
- Next meeting planned for Washington DC on May 11, 1999

### ***Summary***

- Management Councils' high-performance teaming continues to deliver success stories
- Upcoming SPI Government/Industry Workshop is planned for early Summer, focus will be SPI process streamlining
- Boeing's Part Management Initiatives gain high visibility and are recognized by DCMC
- "Acquisition Reform: Accelerating the Journey" Conference provided a forum for government and industry to address critical acquisition reform issues
- SPI cost savings and avoidance -- also providing intangible benefits as facilitator for civil-military integration
- Boeing Joint Leadership Council (JLC) Meeting -- cost based contracting will remain a factor



## ***SINGLE PROCESS INITIATIVE***

### ***Implementation Summary***

*Appendix A: As of: Monday, February 08, 1999*

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<b><i>Contractor Facilities:</i></b>	<b><i>307</i></b>
<b><i>Top 200 Corporation Facilities:</i></b>	<b><i>164</i></b>
<b><i>International Facilities:</i></b>	<b><i>13</i></b>

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<b><i>Total Proposed Process Changes:</i></b>	<b><i>1579</i></b>
<b><i>Found Technically Unacceptable:</i></b>	<b><i>64</i></b>

<b><i>Processes Withdrawn/Disapproved:</i></b>	<b><i>315</i></b>
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<b><i>Total Block Change Modifications:</i></b>	<b><i>1120</i></b>
<b><i>Average days from Submittal to Modification:</i></b>	<b><i>139</i></b>

<b><i>Total Open:</i></b>	<b><i>144</i></b>
<b><i>* Total Open Aged Over 120 days:</i></b>	<b><i>43</i></b>

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<b>Proposal Development (30 Days)</b>	<b>Total Under Development/Awaiting Initial Acceptance:</b>	<b>26</b>
	<b>Total Under Development for More than 30 Days:</b>	<b>25</b>

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<b>Approval (60 days)</b>	<b>Total Under Review for Approval:</b>	<b>59</b>
	<b>Disagreements/Problems Escalated:</b>	<b>28</b>
	<b>Total Under Review for More than 60 Days:</b>	<b>32</b>

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<b>Modification (30 days)</b>	<b>Total Awaiting Contract Modification:</b>	<b>59</b>
	<b>Total Awaiting Contract Modification for More than 30 Days:</b>	<b>58</b>

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<b>Implementation Results</b>	<b>Amount Negotiated:</b>	<b>\$30,450,156</b>
	<b>Estimated Cost Avoidance on Future Contracts:</b>	<b>\$455,266,251</b>

\* Does not include Law/Reg Proposals, AP21